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**MARKBOROUGH  
PROPERTIES LIMITED**





MARKBOROUGH PROPERTIES LIMITED ANNUAL REPORT 1966







# Report to Shareholders

*For the year ended October 31, 1966*

I am pleased to report that in its first full year of operation, your Company made substantial and satisfactory progress.

Assets increased 89% from \$15,446,000 to \$29,231,000 including \$12,191,000 in income producing properties (compared with \$6,537,000 at the end of our 1965 fiscal year), \$3,809,000 in sites held for income property construction (compared with \$1,511,000) and \$7,599,000 in lands held for future development (compared with \$4,731,000).

Our loss for the year, \$32,604, was very modest and was less than anticipated at this stage in the Company's organization and development. The return on our investment in income properties is satisfactory.

Revenue from income properties coming on stream in 1967, and projected land sales should enable us to show a satisfactory profit this year.

The general shortage and high cost of mortgage financing had a restraining effect on the whole real estate industry in Canada in 1966. In spite of this, your Company has been able to arrange satisfactory mortgage financing for buildings on which construction was begun during the year.

Joint ventures with well established partners covering four apartment buildings in Toronto and a commercial complex in Regina were entered into during the year.

In Toronto 173 apartment units were brought on stream, and construction of another 397 units was well underway. At the end of the year, the Company owned 581 completed suites of apartments and maisonettes.

In the Montreal area, an agreement was signed with the City of Beaconsfield under which the servicing of the Company's holdings in that area was started.

While operations were concentrated in the Toronto and Montreal areas, we have extended our activities to Western Canada through the joint venture undertaking in Regina and the purchase of a commercial/residential site in downtown Winnipeg.

We were most fortunate during 1966 to secure the services of Donald F. Prowse, C.A. as our Vice-President, Finance. Mr. Prowse has had many years of experience in all phases of the development business. He was a vice-president and director of Canadian Equity and Development Co., and a director of Don Mills Developments and Wrentham Estates Ltd.

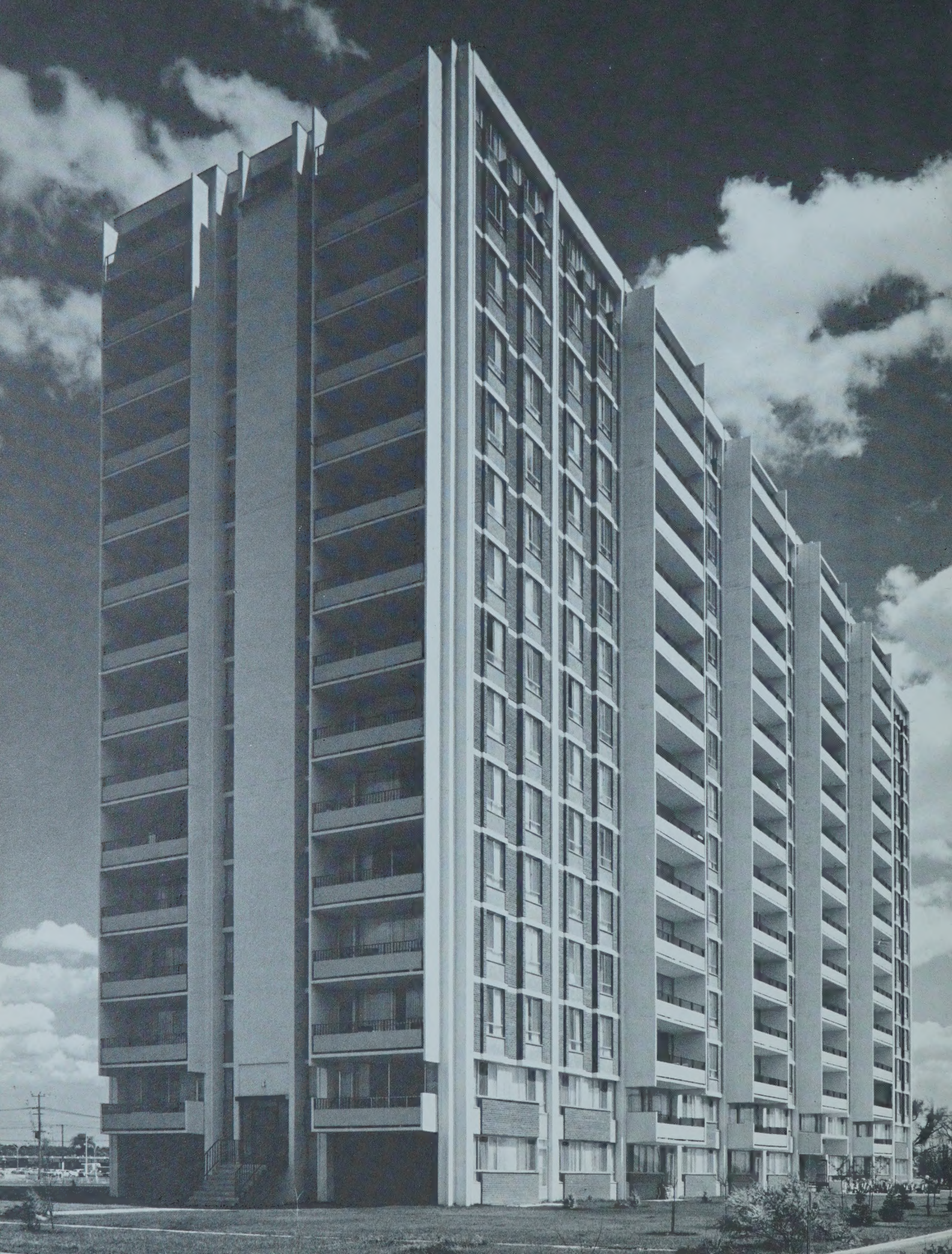
I am also pleased to report that we have further increased our staff by the addition of J. B. Alguire, P.Eng. as Company Engineer, and G. H. Mundy, C.A. as Treasurer. Both these men have had wide experience in their professional careers and are making a significant contribution to your Company's progress.

The calibre and experience of the people concerned with the operation of your Company is a source of unique strength. Your board of directors and management as a group comprise senior executives with many years of experience and responsibility in all phases of real estate, particularly in the fields of development, investment and finance and with an intimate knowledge of markets and people within the real estate industry in all sections of the country.

It has been gratifying as well to have had a great deal of active support and encouragement from our shareholders, among whom are numbered some of the largest Canadian corporations in their various fields.

It is perhaps appropriate at this time to make reference to some of the broader aspects of real estate investment in Canada and to deal very briefly with policies and longer range aspects of your Company.







During the past decade there has been increased interest by North American investors in the growth and income possibilities of real estate development and investment companies.

In the United States, equity investment in real estate in recent years is said to have been greater than investment in mutual funds. In Canada, an estimated \$200 to \$300 million has been invested in real estate by foreign investors. In Britain, about 150 real estate companies, many of them long-established, with large financial resources and substantial accumulated experience, are listed on the London Exchange.

The emergence of public real estate investment companies in Canada has been relatively slow. Most real estate investment has been carried out locally by individuals, small syndicates, or privately owned companies. Investors have had little opportunity to participate in large-scale real estate investment offering the attraction of long term growth and liquidity.

This is changing in Canada today. The rapid urbanization of our population, the scarcity of available land and the need for re-development in our larger cities have combined to require substantial amounts of capital frequently beyond the capacity of most private developers. Large corporate units capable of obtaining the required financing and with personnel sufficiently experienced to permit wide investment diversification, are better situated to successfully compete in the changing property development and investment industry. Such companies can provide investors with a service in real estate similar to the managerial services of selection and timing provided by the mutual fund industry.

Markborough Properties Limited has been formed to meet these requirements.

The purpose of Markborough is to offer to its shareholders the opportunity of participating in the profit and capital growth potential of real property ownership and land development.

The Company's prime operating objective is to make a profit through holding selected income properties, and by acquiring and developing well-located raw land acreages into lot sub-divisions. This objective can be reached by maintaining in its portfolio the proper balance between income properties, land under development and land held for future development.

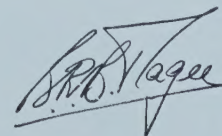
The high cost of obtaining and holding land, of developing it and building upon it and the substantial capital required to finance it, underline the importance of strict accounting control and procedures.

Accounting techniques must be designed to afford management the best possible tools for the control of operating expenses of income properties, land development costs and overhead expenses. Tax and financial planning are also of the utmost importance and the Company's position relative to changes in tax legislation and money market conditions must be continually reviewed.

Above all must be a recognition that the successful operation of the Company will depend upon the blending of sound financial management with imaginative and experienced real estate investment.

Markborough Properties Limited recognizes and practices these principles.

*On Behalf Of The Board Of Directors*



B. R. B. MAGEE  
President

*Toronto, Ontario  
March 10, 1967*

## Directors

W. J. Dixon  
*Deputy General Manager*  
*The Bank of Nova Scotia*  
*Toronto*

R. L. Friend  
*Vice-President, Mortgage Division*  
*The Investors Group*  
*Winnipeg.*

R. H. Gane  
*Assistant Managing Director*  
*George Wimpey & Co. Limited*  
*London, England.*

Dr. James Gillies  
*Dean — Faculty of Administrative Studies*  
*and Vice-President*  
*York University*  
*Toronto.*

A. R. Grant  
*Director and General Manager*  
*George Wimpey Canada Limited*  
*Toronto.*

G. C. Gray  
*Vice-President, Leasing*  
*Toronto-Dominion Centre Limited*  
*Toronto.*

W. S. Harvey  
*Senior Vice-President, Finance*  
*Air Canada*  
*Montreal.*

H. Peter Langer  
*Vice-President, Operations*  
*Markborough Properties Limited*  
*Toronto.*

D. S. Lyall  
*Vice-President, Finance*  
*The British American Oil Company Limited*  
*Toronto.*

Brian R. B. Magee  
*President*  
*A. E. LePage Limited*  
*Toronto.*

James H. McDougall  
*General Manager*  
*Greenshields Incorporated*  
*Montreal.*

J. C. Neely  
*President*  
*Alcan Design Homes Limited*  
*Montreal.*

J. H. Panabaker  
*Vice-President and Treasurer*  
*The Mutual Life Assurance Company of Canada*  
*Waterloo.*

D. W. Pretty  
*Vice-President and Treasurer*  
*North American Life Assurance Company*  
*Toronto.*

E. Schousboe  
*Secretary-Treasurer*  
*Canafund Company Limited*  
*Montreal.*

J. L. Toole  
*Vice-President, Accounting and Finance*  
*Canadian National Railways*  
*Montreal.*

L. R. Woolsey  
*Vice-President, Marketing*  
*The British American Oil Company Limited*  
*Toronto.*



## Officers



*President:* **Brian R. B. Magee** F.R.I., S.I.R., C.R.E., President of A. E. LePage Limited and Director, Canada Permanent Mortgage Corporation, Canada Permanent Trust Company, Radley Investments Limited, Richard Costain (Canada) Limited, Dominion of Canada General Insurance Company, The Casualty Company of Canada. Vice-President and Member Executive Committee, Toronto Real Estate Board. Chairman Finance Committee, Director, Canadian and Ontario Association of Real Estate Boards. Trustee, Toronto General Hospital. Member, Advisory Council, School of Business, York University.



*Vice-President, Operations:* **H. Peter Langer** F.R.I., S.I.R., Director, Ontario Housing Corporation and Ontario Student Housing Corporation. Past President, Toronto Real Estate Board. Vice-President, Ontario Association of Real Estate Boards. Member, Executive Committee, Canadian Association of Real Estate Boards. Member of Council, Association of Ontario Land Economists.



*Vice-President, Finance:* **Donald F. Prowse** B.A., C.A., Former Vice-President and Director, Canadian Equity and Development Co., Former Director, Don Mills Developments and Wrentham Estates Ltd.

## Major Shareholders

Air Canada Pension Trust Fund  
The British American Oil Company Limited  
The Canada Life Assurance Company  
Canada Permanent Mortgage Corporation  
Canadian National Railways Pension Trust Fund  
Canafund Company Limited  
Commercial Union Assurance Company Limited  
The T. Eaton Company Limited  
The Equitable Life Insurance Company of Canada  
The Excelsior Life Insurance Company  
Holborough Investments Limited  
Aluminum Company of Canada Limited  
The Bank of Nova Scotia  
Greenshields Incorporated  
L'Industrielle Compagnie d'Assurance Sur La Vie  
The Investors Group  
A. E. LePage Limited  
The Mutual Life Assurance Company of Canada  
North American Life Assurance Company  
George Wimpey Canada Limited  
The Yorkshire and Canadian Trust Limited

### *Auditors*

Price Waterhouse & Co.  
Toronto

### *Transfer Agent and Registrar*

Canada Permanent Trust Company  
Toronto Montreal

### *Legal Counsel*

Blake, Cassels & Graydon  
Toronto  
Taylor, Joy & Baker  
Toronto



# Markborough Properties Limited

Assets	1966	1965
Accounts receivable	\$ 59,255	\$ 50,639
Mortgages and notes receivable	369,600	216,216
Prepaid expenses and other assets	55,181	29,732
Deposits on property purchases	767,000	25,000
Land held under sales agreements, at cost (Note 2)	3,619,915	2,344,757
Advances relating to joint ventures (Note 3)	760,149	
Land held for future development (Notes 1 and 2)	7,598,713	4,731,115
Income producing properties (Notes 1 and 2):		
Land	2,230,943	1,082,170
Buildings	6,112,253	3,987,427
Equipment	310,952	216,353
Construction in progress (Note 4)	3,833,715	1,449,851
	<u>12,487,863</u>	<u>6,735,801</u>
Less accumulated depreciation	<u>296,404</u>	<u>198,550</u>
	12,191,459	6,537,251
Sites for income property construction (Notes 1 and 2)	3,809,244	1,511,043
	<u>\$29,230,516</u>	<u>\$15,445,753</u>



# Consolidated Balance Sheet—October 31, 1966

(with comparative figures at October 31, 1965)

Liabilities and Shareholders' Equity	1966	1965
Bank indebtedness	\$ 8,822,413	\$ 2,456,554
Accounts payable and accrued liabilities:		
On construction in progress	991,073	379,212
Other	217,144	178,363
Income and other taxes payable (Note 5)	4,944	616,252
Security deposits by lessees	87,773	51,897
Mortgages and notes payable (Note 6)	<u>11,408,131</u>	<u>5,631,583</u>
	21,531,478	9,313,861
Shareholders' equity:		
Capital stock (Note 7) —		
Common shares, no par value—		
Authorized — 1,500,000 shares		
Issued — 744,550 shares	7,710,250	6,110,500
Less deficit	<u>11,212</u>	<u>(21,392)</u>
	7,699,038	6,131,892
Approved on behalf of the Board:		
B. R. B. Magee, <i>Director</i>		
D. S. Lyall, <i>Director</i>		
	<u>\$29,230,516</u>	<u>\$15,445,753</u>



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## Consolidated Statement of Profit and Loss

### For the Year Ended October 31, 1966

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Rentals from income producing properties		\$773,412
Less:		
Operating expenses	\$ 297,022	
Depreciation	97,854	
Mortgage interest	253,172	
		<u>648,048</u>
		125,364
Sales of land and interest thereon	1,464,867	
Less cost of sales	<u>1,367,271</u>	
		97,596
Sundry income		<u>22,670</u>
Net income before general and administrative expenses		245,630
Less general and administrative expenses		<u>278,234</u>
Loss for the year		<u><u>\$ 32,604</u></u>

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## Consolidated Statement of Deficit

### For the Year Ended October 31, 1966

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Balance of retained earnings, October 31, 1965	\$ 6,790
Add credit resulting from restatement of depreciation (Note 8)	<u>14,602</u>
Adjusted balance of retained earnings, October 31, 1965	21,392
Less loss for the year	<u>32,604</u>
Deficit at October 31, 1966	<u><u>\$ 11,212</u></u>

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# Notes to Consolidated Financial Statements October 31, 1966

1. On August 12, 1965 Markborough Limited and Highbury Properties Limited amalgamated under the Ontario Corporations Act to form Markborough Properties Limited. Land and income producing properties originally held by Highbury Properties Limited are carried in the company's accounts at approximately \$12,300,000. This amount is approximately \$1,800,000 less than the valuation at the date of the amalgamation and approximately \$4,100,000 in excess of the values recognized for income tax purposes. Land held by Markborough Limited at August 12, 1965 is carried at cost.

2. Additions to land and income producing properties since August 12, 1965 are at cost, which includes applicable interest and real estate taxes.

3. Three of the company's income producing properties under construction are co-owned with other corporations and are being developed under Joint Venture Agreements. In such cases, the consolidated balance sheet includes only the company's share of the assets and liabilities. In two joint ventures, the company has undertaken to furnish interest bearing interim financing for the development of the properties. The company is contingently liable at October 31, 1966 for \$2,144,615, representing the liabilities of its co-owners in the joint ventures, but against such contingent liability the company would have a claim upon the assets of its co-owners.

4. The company's share of the estimated costs to complete construction in progress is approximately \$2,800,000. The undrawn proceeds of specific mortgages on these projects are in excess of this amount.

5. Income taxes payable at October 31, 1965 include \$527,611 payable under Section 105C of the Income Tax Act in respect of the statutory merger of predecessor companies.

6. Mortgages and notes payable comprise the following:

Terms	Balance
On land held under sales agreements with varying repayment terms and maturing in —	
1967, no interest	\$ 60,110
1967 with interest at 6%	276,499
1968 with interest at 6%	470,750
1969 with interest from 6% to 7½%.	263,992
1970 with interest from 6% to 7%	593,601
1971 with interest from 6% to 7%	84,832
	<u>\$1,749,784</u>
On land held for future development with varying repayment terms and maturing in —	
1967 with interest from 5% to 6%	22,646
1968 with interest at 5%	43,400
1969 with interest at 5%	40,000
1971 with interest at 6%	113,780
1975 with interest at 5½%	832,962
	<u>1,052,788</u>
On income producing properties (first mortgages payable in equal monthly instalments of principal and interest) —	
6¼% due 1988	848,307
7% due 1994	1,395,301
6¼% due 1995	1,066,013
6¼% due 1996	1,636,979
6¼% due 1997	1,283,737
	<u>6,230,337</u>
On sites for income property construction maturing in —	
1967, no interest	1,150,000
1967 with interest at 6%	460,222
	<u>1,610,222</u>
Total including payments of \$2,222,589 due within one year	10,643,131
Interim construction financing due July 31, 1967 (secured)	765,000
	<u><u>\$11,408,131</u></u>



7(a) During the year the company issued 118,500 common shares in partial consideration for the purchase of land. The directors ascribed \$1,599,750 as the consideration for these shares.

(b) During the year the company granted options expiring in 1968 and 1976 to certain officers to purchase a total of 15,000 common shares at a price of \$10 per share. No options were exercised during the year and the above were the only options outstanding at October 31, 1966.

(c) Subsequent to October 31, 1966 the directors of the company have approved an offering to its shareholders of additional common shares up to a maximum of one additional share for each share held on November 30, 1966 at a price of \$10 per share.

8. The buildings included in income producing properties are being depreciated over a 40 year period on the sinking fund basis. Depreciation provided in the period August 12, 1965 to October 31, 1965 has been restated to reflect this method with an offsetting adjustment to the opening balance of retained earnings of \$14,602.

9. The 1965 balance sheet has been restated to conform with classifications adopted in 1966.

### *To the Shareholders of Markborough Properties Limited*

We have examined the consolidated balance sheet of Markborough Properties Limited as at October 31, 1966 and the consolidated statements of profit and loss and deficit for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of profit and loss and deficit present fairly the financial position of the companies as at October 31, 1966 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

PRICE WATERHOUSE & CO.

*Chartered Accountants.*

*November 24, 1966*













Markborough Properties Limited owns four completed apartment buildings totalling 565 units in the Borough of Etobicoke, a block of 16 maisonettes, a leased service station site and 35.2 acres of vacant land held for the development of over 500 additional residential units. Two other apartment buildings are under construction in which the company's interest is 197 suites.

All of these holdings are in the Westway Village area, a highly successful development near Highway 27 and the MacDonald Cartier Freeway (401), the major expressways in western Metropolitan Toronto. The Markborough holding was acquired through the amalgamation with Highbury Properties which earlier had developed 500 acres of residential land in the area for 2000 houses and a 300 acre industrial park now occupied by such industries as Canada Iron Foundries, Litton Industries, Dominion Steel and Coal, Chrysler, Sylvania Electric, Crane, Hungerford Smith Co., Canadian International Paper, Canadian Cannery and Random House.







## East York



Thorncliffe Park in the Borough of East York is one of Canada's best integrated commercial, industrial and residential communities. Part of the former Town of Leaside, Thorncliffe Park was integrated into the Leaside official plan to provide increased assessment for the municipality from light industrial and commercial growth and by the location of a 5,300-suite apartment development.

The striking appearance and vigorous atmosphere of the community is evidence that the planning has been successful. High rise apartment buildings tower on the banks of the Don Valley. Parklands and recreation areas provide ample green space between the residential area and the Thorncliffe Market Place, with its 40 stores. Nearby in the Don Valley are Toronto's famous Edwards Gardens and Wilket Creek Park, a golf course, and the \$30 million Ontario Centennial Centre of Science and Technology now under construction.

Markborough Properties Limited has a half interest in two high rise apartments in Thorncliffe Park. One, nearing completion, contains 400 suites and the other, soon to be built, will contain 279 suites.

Dividing the apartment development from the industrial area of Thorncliffe Park is Overlea Boulevard on one side of which is a group of attractive light industrial buildings occupied by such companies as Coca-Cola, Olivetti Underwood, Xerox, Barber Ellis and Hathaway Templeton.

Markborough Properties Limited owns two sites at the corner of Overlea Boulevard and Millwood Road, the western entrance to Thorncliffe Park. A 7-storey office building containing 150,000 sq. ft. is now being built and a second Markborough office building of approximately 100,000 sq. ft. will be built later.





## Scarborough

Only one area remains in Metropolitan Toronto with any large amount of undeveloped land for housing — the Borough of Scarborough.

Markborough Properties Limited is here developing "The Fields of Agincourt" in conjunction with Alcan Design Homes Limited. The development will ultimately contain approximately 720 residential lots, 110 multiple family units and 150 apartment units. The Company plans to sell the residential lots to Alcan and retain ownership of the multiple family units and the apartment block.

Located a mile from the intersections of Highway 401 and the Don Valley Parkway, and adjacent to the Tam O'Shanter Golf Course and a large shopping centre, the development is one which will have strong appeal for middle and upper income families.

Markborough owns or controls an additional 200 acres in Scarborough for future development.

Markborough also plans to build high-rise apartment buildings in Scarborough on a 4.5-acre parcel of land near the Victoria Park stop on the East-West Metro Subway, overlooking an 18-hole public golf course now under construction. The desired rezoning, upon which purchase of the property is conditional, would permit construction of 585 units.





## North York

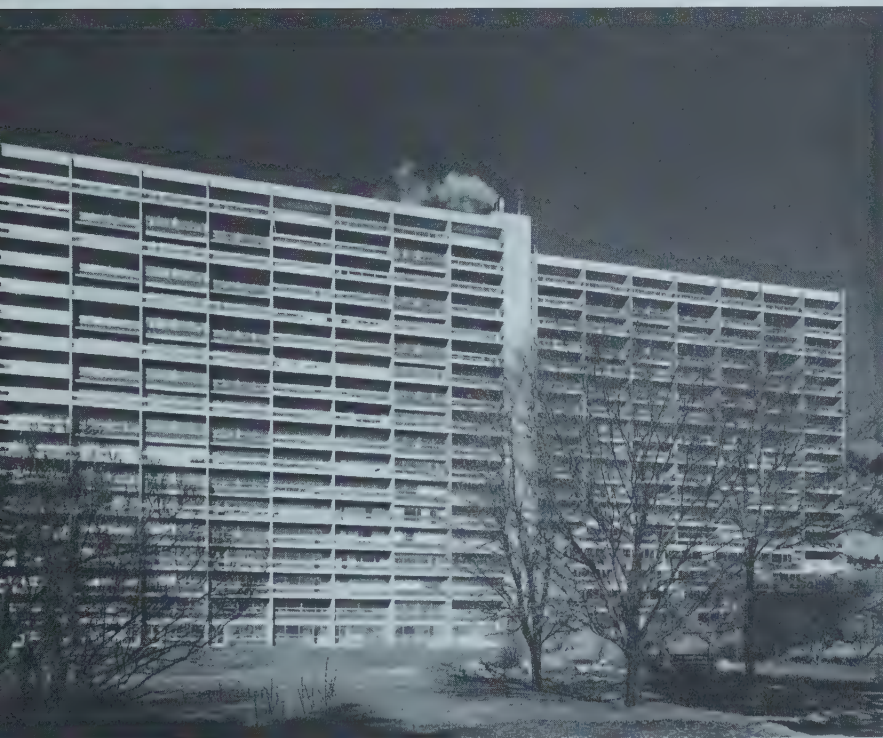
One of the most attractive apartment buildings in the Metropolitan Toronto Borough of North York has been built on the banks of the Don Valley Conservation Area at Finch Avenue not far from the York University Campus and the proposed Spadina Expressway extension. Called the Somerset Apartments, the building is 17 stories high, centrally air conditioned, and contains 244 suites, 110 of which are split-level — the first major application of apartment split-level design in Canada. The imaginative layout, size and variety of the apartment units and the parkland setting of the building itself all have combined to make The Somerset a sound property development. Markborough has agreed to purchase the building from the present owners and to lease it back for a guaranteed annual rental.

## Montreal

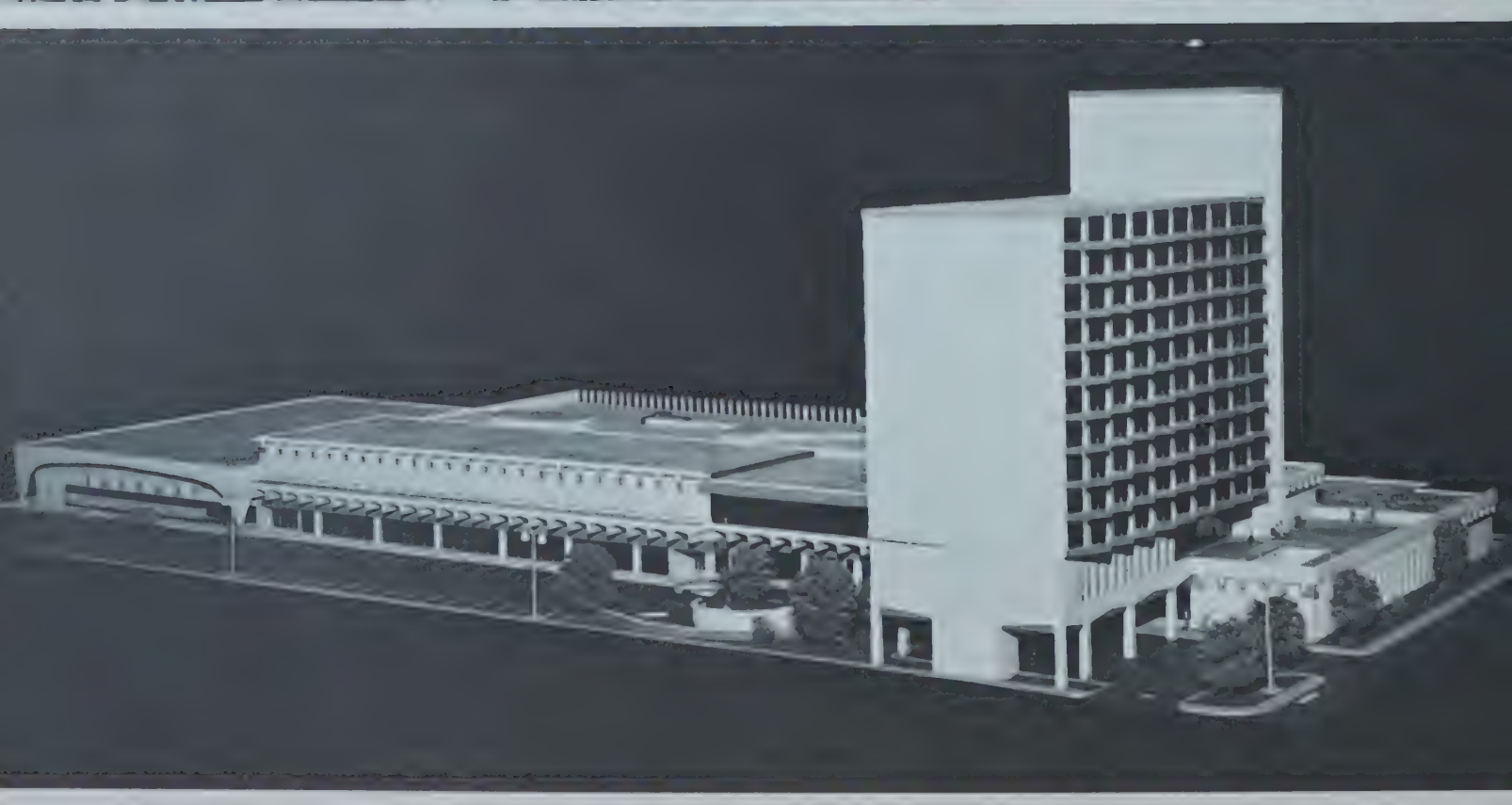
The City of Beaconsfield has long been recognized as one of Montreal's most desirable suburban Lakeshore residential areas. Large stately homes on tree-lined streets close to schools, libraries, churches, shopping and recreational facilities make this community an attractive place to live for executive and professional people.

Markborough Properties Limited owns approximately 60 acres in Beaconsfield on which it is developing lots for sale to Alcan Design Homes Limited. The first phase of this development was completed shortly after the Company's fiscal year end.

The Company is also carrying on negotiations for the development of other major projects in the Montreal area.









The Province of Saskatchewan today is enjoying a period of prosperity and growth unparalleled in its history. Huge wheat sales, the completion of the gigantic \$112 million South Saskatchewan River Dam and the development in the province of one of the world's largest potash mining industries have combined to generate an economic vitality of boom proportions.

Urban development in Regina, the province's capital, is experiencing the effects of this boom.

In a joint venture with a well-known Western Canada developer, Markborough Properties Limited is building for income investment a commercial complex in downtown Regina consisting of 40,000 square feet of retail space, a 700 seat theatre, a 200 room hotel, 9,000 sq. ft. of office space and parking accommodation for 450 cars.

The first stage, a supermarket leased to Safeway Stores, and the parkade, was completed and in operation in December, 1966. The second stage, which includes the 12 storey hotel, will be completed later this year.

The Regina Centre is located at the junction of Broad Street, the city's main North-South traffic artery and Victoria Avenue, a continuation of the Trans-Canada highway, an intersection which has the second highest traffic count in the city, and which is a block away from the new Hudson's Bay Department Store and the Saskatchewan Power Building.

Winnipeg, capital of Manitoba and largest manufacturing centre in the Prairies, with a population of over 500,000 has been enjoying an industrial, commercial and residential boom in recent years. Paced by the construction of a handsome Civic Centre, the downtown area is rapidly being transformed into the commercial centre of the West.

Markborough Properties Limited has purchased a 4.85 acre site in the heart of the downtown area, just a block north of the Hudson's Bay Company store on Portage Avenue, for the development of a complex to be called Canada Centre. Still in the planning stage, this complex could include a 400-room hotel, a 250,000 sq. ft. office tower, an apartment building, 50,000 sq. ft. of commercial facilities and parking space for 1,150 cars.







## Streetsville and Toronto Township



By the year 1980 — 13 years from now — Metropolitan Toronto with a present population of 2 million and little land left to build on, is expected to have a population of 3 million. The areas surrounding the city will share the greatest proportion of this growth because of the availability of land for development. Transportation by road and rail in the area will be appreciably improved even if only those projects at present under way or planned are completed. The Ontario government's new GO rail commuter service, for example, is expected to begin operations later this year.

It is expected that the area around the Town of Streetsville and the north-western reaches of Toronto Township, a few miles to the west of Metropolitan Toronto will be among the first areas to be developed. Studies by the Ontario Water Resources Commission regarding the feasibility of installing water and sewage services in the area have been completed and planning studies by the communities involved are well advanced.

Markborough Properties Limited owns approximately 2,350 acres of land in Streetsville and the Township of Toronto. This land has been designated in the Official Plan for the Metropolitan Toronto Planning Area as an area for urban development on an integrated residential, industrial and commercial basis. Based on the population density of the plan, Markborough's lands could ultimately accommodate 35,000 to 40,000 people. The company intends to develop single family housing lots, industrial parks, multiply family dwellings and high rise apartment buildings in the area. Included in the Markborough master plan for the area is a major regional shopping centre, ownership of which Markborough will retain.

Existing and planned transportation facilities will render the area readily accessible. Highway 401, a four-lane limited access highway, now traverses the Company's land holdings. In addition, two new highways are planned to the north and south, as part of a mammoth 20-year construction programme announced by the Minister of Highways in May, 1966. The company's land is also well serviced by rail and air transport facilities. The main line and a branch line of the Canadian Pacific Railway run through the property and Toronto International Airport is only a ten minute drive from the site.

Construction has recently commenced on the new Erindale University a few miles to the south of the company's land.











